

## ROCKEFELLER STORY CHAP. I

## HOW STANDARD GOT REBATE AND BOUGHT OUT RIVALS.

**Both Processes—Project Hazardous for What if Oil Should Fall?—Money and Credit Were Useful Servants**

John D. Rockefeller with the help of his examining attorney, John G. Milburn, proceeded yesterday before Referee Ferris to outline in some detail the history and growth of the Standard Oil Company. There can have been few human agencies, according to Mr. Rockefeller, which have done good to their fellow men at every move incidentally benefiting

themselves, so persistently as the Standard Oil Company. The absorption of oil companies in the formation of the trust was a process of benevolent assimilation and in obtaining rebates from the Pennsylvania Railroad Company the Standard Oil Company did a service to the railroad.

Mr. Rockefeller reciting under oath the growth of his great corporation emphasized for a second time yesterday the essentially hazardous character of the business. Should Nature refuse to continue the oil supply all of the great refineries which the Standard has built would become useless; hence the hazard.

Another thing Mr. Rockefeller revealed was his method and his associates' method of making their money and even their credit work for them at every turn through the manner in which they made purchases of other concerns. The stock

This of course was in the former days of the company. In the process the camel's head sometimes went into the tent first.

"We acquired an interest—about half I should say—later we bought it all," was substantially a formula which Mr. Rockefeller often used. The favored form of speaking of these purchases of other concerns was "the consummation of negotiations."

After mentioning the name of a company or a firm Mr. Milburn inquired each time:

"Did you then enter into some negoti-

And Mr. Rockefeller replying in the affirmative Mr. Milburn as regularly inquired:

"Were the negotiations consummated?"

The answer reduced it self-regularly to the meaning of the phrase "We bought 'em."

Mr. Rockefeller was as quiet and gentle as the first day of his testimony.

the long hours on the stand did not appear to tire him. He left the Custom House as jauntily as any young man of his entourage, with his hat cocked at an angle which was conservatively described as rakish. He had changed his costume from the day before and appeared yesterday in a black cutaway coat, a fancy waistcoat and dark gray trousers. It may be that his cross-examination will begin this morning.

At the beginning of yesterday's examination Mr. Milburn set out to reinforce Mr. Rockefeller's declaration of the previous day relative to the hazardous nature of the oil business.

"The business," said Mr. Rockefeller, "could not be like others where the source of the raw material could be definitely known. The hazardous nature of the business was always a cause of apprehension to investors."

Mr. Rockefeller told of the Producers Union, formed by the producers of the crude oil, and of the later formation of an association of refiners. The Producers

Union controlled the raw material of the refiners' business and the refiners followed along, he said, with an association of their own.

"We were anxious," he said, "that they should know that we were not antagonistic to them."

Mr. Maignan wanted to have a little more told about the association and Mr. Rockefeller added: "We desired to assure the supply of the raw material. We were their servants in passing along to the consumer their product."

The formation of the Refiners Association

"The purpose of the agreement," as said, "was to introduce an element of greater stability in the business. But the result was an overproduction. It seemed very difficult to prevent the o-

from coming out—at that price. We couldn't market it all. The agreement was short lived."

Coming to the Standard's purchases of other concerns, which Mr. Milburn was at pains always to show as the natural development of a useful business, Mr.

"In 1873 we purchased the Long Island Refinery and its docks at Long Island City," he said. "It was a very extensive dock property and we regarded it as a very valuable acquisition. This was the beginning of our acquisition of refining interests at the seaboard. We have used it ever since. There was another Long Island City concern, the De Voe Manufacturing Company, on Newtown creek, engaged in putting oil into tin-

"The De Voe company made some of its own tins. We bought an interest in this company, about one-half, and later bought it all. The object was to extend our markets, to increase our opportunities to sell our oil. It was diversifying as well as extending our business."

"We bought a half interest in Chem. Harley & Co., who had a refinery at Louisville and a large domestic trade in the Southern and Southwestern sections in 1878. We wanted that as an additional